

NATIONAL BANK AND TRUST COMPANY  
OF KENNETT SQUARE

444-5000

KENNETT SQUARE  
PENNSYLVANIA  
19348

CORPORATE FORM OF ACKNOWLEDGMENT

STATE OF PENNSYLVANIA

SS:

COUNTY OF CHESTER

On this 25th day of June, 1973, before me personally appeared Louis Pia, to me personally known, who being by me duly sworn, said that he is the President of Kaolin Mushroom Farms, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gloria P. Onks  
Notary Public

GLORIA P. ONKS, NOTARY PUBLIC  
KENNETT SQUARE BOROUGH  
CHESTER COUNTY  
MY COMMISSION EXPIRES FEB. 14, 1977

RECORDATION NO. \_\_\_\_\_

JUL 3 1973 - 4:11 AM

COMM. EXPIRES FEB. 14, 1977

# Security Agreement

June 25 73

Date \_\_\_\_\_ 19

**Kaolin Mushroom Farms, Inc.** Box 134 . . . vonduale Chester Pa. 19311  
(Name of Debtor) (No. and Street) (City) (County) (State)

(herein called "Debtor") to secure the payment of the note and other indebtedness and costs and expenditures set forth, hereby grants to

## NATIONAL BANK AND TRUST CO. OF KENNETT SQUARE, KENNETT SQUARE, PA.

(herein called "Lender") a security interest in, and mortgages to Lender, the following described property, together with all equipment, parts, accessories, attachments, additions and other goods, and all replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (herein collectively called the "Collateral"):

NEW USED	YEAR	MAKE TRADE NAME	DESCRIPTION	MODEL NUMBER	SERIAL NUMBER
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**10 railroad boxcars which will bear numbers  
CDBA 100 through CDBA 109 inclusive**

The interest of Lender in the Collateral shall secure Debtor's obligation to pay: (a) the note of Debtor, of even date herewith, payable to Lender, in the face amount of One hundred forty-six thousand, nine hundred ninety-five and 20/100 Dollars (\$146,995.20), with interest therein specified, payable in 60 equal mo. installments of \$2449.62 ea. beginning July 15, 1973 Prin. \$120,000. Int. \$26,995.20

(herein called the "Note"); (b) all costs and expenses incurred by Lender in the collection and enforcement of the Note and other indebtedness of Debtor to Lender described herein, and the security therefor; (c) all expenditures of Lender for taxes, levies, insurance, repairs to and maintenance of the Collateral; (d) all other liabilities of Debtor to Lender, now existing or hereafter incurred, matured or unmatured, direct or contingent, and any renewals and extensions thereof and substitutions therefor; and (e) interest on all the foregoing. The term "indebtedness," as used herein, means the Debtor's obligations to Lender stated above.

If the Collateral is or is to be affixed to realty, a brief description of the realty is Debtor's address given above, or the description is

Debtor warrants that: (Check such items in paragraphs 1 and 2 as are applicable to this transaction)

(1) the Collateral is used or bought for use primarily for:

☐ Personal, family or household use, ☐ Business use; ☐ Farming operations use

(2) the loan proceeds of the Note are to be paid by Lender to \$105,000. 1st Pa. Bank \$15,000. Debtor

Ins:

the seller of the Collateral, and/or to the insurance agent or broker from whom any insurance on the Collateral is to be obtained, and Debtor hereby authorizes Lender so to do, or

☐ Debtor, who will apply the loan proceeds within 10 days from date, to or towards the payment of the purchase price of the Collateral, and for no other purpose; or

☐ Debtor:

(3) if the Collateral is used or bought for use primarily for personal, family household purposes or for use in farming operations, that the Collateral is, or is intended promptly upon its acquisition by Debtor, to be kept at the address of Debtor given herein (which is his residence);

(4) if the Collateral is used or bought for use primarily in business, including farming or profession, that Debtor's chief place of business in this state is given on the first full line of this agreement, and all of Debtor's other places of business, if any, are in the same county as said chief place of business, except for places of business at—

Debtor covenants: that Debtor will give Lender prompt written notice of (i) any changes in his residence if warranty (3) above applies, or (ii) the establishment and discontinuance of any of its places of business if warranty (4) above applies; if any item of the Collateral is a motor vehicle, that Debtor will, upon demand of Lender, obtain a certificate of title to the motor vehicle which notes a lien or encumbrance thereon in favor of Lender for the amount of the indebtedness secured hereby.

This agreement is subject to the additional provisions set forth on the reverse side hereof, the same being incorporated herein by reference.

WITNESS the due execution of this agreement the day and year first above written.

National Bank and Trust Company of Kennett Square

Kennett Square, Penna.

By Peter J. Delmundo Asst. VP.  
(Signature and Title)

(to be executed by Bank if  
agreement is to be filed)

**KAOLIN MUSHROOM FARMS, INC.**

(Debtor)

By James S. Res. Treas.  
(Signature and Title)

By \_\_\_\_\_  
(Signature and Title)

## ADDITIONAL PROVISIONS

**Further Covenants of Debtor.** Debtor further covenants: that the Collateral shall at all times be considered as personalty; that the Collateral is not and will not be so affixed or related to the realty of Debtor or of any other person as to be a part thereof or become in any sense a fixture, or if the Collateral has become a fixture before Lender's security interest therein is perfected and the Collateral is or may become subject to the lien of a real estate mortgage, that Debtor will, on demand of Lender, furnish the latter with a writing by which the real estate mortgagee subordinates its rights and priorities to Lender's security interest hereunder; if the Collateral is or may become subject to the lien of a landlord, that Debtor will, on demand of Lender, furnish the latter with a landlord's waiver satisfactory to Lender; that the Collateral will be kept in as good condition and repair as it now is, reasonable wear and tear excepted, and that the expense of any repairs and maintenance will be borne solely by Debtor; that the Collateral will not be used or be permitted to be used illegally or for hire; to pay promptly all taxes and assessments on the Collateral, its use, and on this agreement and the Note; to pay all costs of filing this agreement and financing and other statements required to perfect and continue perfected, the Lender's security interest in the Collateral; not to abandon, conceal, injure, or destroy the Collateral, nor deface any identifying marks thereon; not to sell, lease, assign or encumber the Collateral without Lender's prior written consent, nor grant any further security interest in the Collateral, nor permit Debtor's rights in it to be reached by judicial process; to keep the Collateral free of all liens and encumbrances, except for the Lender's security interest hereunder and the lien of taxes not delinquent; that no injury to or loss or destruction of the Collateral shall relieve Debtor of his obligation to pay the indebtedness secured hereby; if requested by Lender, Debtor will take out, pay for and keep in full force, insurance on the Collateral against such risks, in such amounts, with such insurance carrier, and with such loss payable clause as will be satisfactory to Lender, and furnish Lender with satisfactory evidence of such insurance; if Debtor fails to obtain insurance as above provided, or to observe or perform any of its other undertakings stated herein, Lender may procure the insurance and perform said undertakings, and the cost and expense to Lender in so doing will be added to the indebtedness secured hereby and will be payable by Debtor to Lender on demand; and that the proceeds of any such insurance (including return premiums) may, at Lender's option, be applied either to reduce the indebtedness secured hereby, or to repair or replace the Collateral, and Debtor hereby authorizes Lender, or its assigns, to endorse in the name of Debtor any check or draft issued by the carrier as insurance proceeds.

**Events of Default.** The occurrence of any of the following shall, at the option of Lender and without notice or demand on Debtor, constitute an event of default hereunder: failure of Debtor to pay promptly when due, any sums payable on the Note and any other indebtedness and obligations for the payment of money secured hereby; failure of Debtor to observe or perform any of Debtor's other obligations hereunder; any warranty of Debtor contained herein or other information furnished by Debtor to Lender, or its assigns, shall be false; death of any Debtor, or, if Debtor is a partnership, death of a partner; Lender in good faith believes that the prospect of payment by Debtor of the Note or any other indebtedness secured hereby or performance by Debtor hereunder is impaired; Debtor shall become insolvent or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors; there shall be instituted, by or against Debtor, bankruptcy, insolvency, reorganization, arrangement, debt adjustment, full or partial liquidation or dissolution proceedings, or the Collateral shall be, or be threatened to be, subjected to condemnation or forfeiture proceedings.

**Rights and Remedies.** Upon the occurrence of an event of default Lender shall have the following rights: to declare immediately due and payable any and all moneys due or to become due on the Note and any other indebtedness secured hereby and/or to reduce the same to judgment; and/or to exercise any one or more of the rights and remedies given a secured party under the Pennsylvania Uniform Commercial Code, including, but not by way of limitation, to require Debtor to assemble the Collateral and make it available to Lender at a place designated by Lender which is reasonably convenient to both parties hereto, to take immediate possession of the Collateral wherever found, with or without legal process, and thereafter to sell or otherwise dispose of the Collateral. If the proceeds of any sale or other lawful disposition by Lender of the Collateral following its retaking, are insufficient to pay the expenses of retaking, holding, preparing the Collateral for sale, selling it and the like, and to satisfy the Note and all other indebtedness secured hereby, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of such proceeds. If the Collateral, or any item thereof, shall be disposed of at private sale under any agreement whereby all or part of the sale price is payable in installments, the cash selling price thereof (exclusive of finance charge, interest and any insurance premiums) shall be credited against Debtor's indebtedness secured hereby.

**General.** Waiver of any default shall not constitute waiver of any subsequent default. Lender's rights and remedies are cumulative and not alternative. Any provision hereof found to be invalid under the laws of Pennsylvania or any other State, shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstances require. If this agreement is executed by more than one debtor, the obligations of all such Debtors shall be joint and several. This agreement shall be binding upon the heirs, personal representatives, successors or assigns of the parties hereto, but shall inure to the benefit of successors or assigns of the Lender only. Pennsylvania law applies to this agreement and its construction and interpretation.

## ASSIGNMENT

..... for value received, but without recourse and without warranties, express or implied, hereby assigns,  
transfers, and sets over the within agreement and Note and the other indebtedness secured thereby to .....

.....  
WITNESS the due execution hereof this ..... day of ..... 19.....

By .....

